Emergence of Strategic Human Resource Management Historical Perspective

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Recommended Citation
DOI: 10.58809/QDSO7765
Available at: https://scholars.fhsu.edu/alj/vol7/iss1/16

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The world of business has become a struggle to gain competitive advantage in a much larger and more demanding marketplace. Markets now stretch across international boundaries, trade barriers have crumbled and distribution channels have become more efficient. In order to survive, the strategic human resource management provides support to the executives for formulating successful strategies.

The strategic management is concerned with policy decisions effecting the entire organization, overall objective being to position the organization to deal effectively with its environment. Strategic HRM aims to provide a sense of direction in an often turbulent environment so that organizational and business needs can be translated into coherent and practical policies and programs. It provides competitive advantage over the others.

The strategic HRM has been developed from different stages starting from personnel management and Human resource management it has long historical development. The major objective of this article is to see these historical developments which produced the emergence of Strategic HRM and as well as different critics on the historical development. The primary actions of a strategic human resource manager are to identify key HR areas where strategies can be implemented in the long run to improve the overall employee motivation and productivity.

Actually the article attempts to describe the fact that it is the importance of SHRM which can be used as competitive advantage for the firm. This study is desk-research based on published books, articles and papers.

Introduction

Organization today, by necessity have become more focused on exploiting sources of competitive advantage in the face of rapid environmental, technological and global economic changes. According to Pfeffer (1994:14), as other sources of competitive success have become less important, what remains a crucial, differentiating factor is the organization, its employees and how they work. Additionally, he states that the current recognition among strategic management researchers is that sustained competitive advantage arises more from a firm’s internal resource endowments and resource deployments particularly its human capital that are imperfectly imitable than from a firm’s product market position. These “people” issues used to be the sole responsibility of personnel departments. However, recent research such as that by Fernie, Metcalf, and Woodland (1994) in the United Kingdom using data from a nationally representative sample of workplaces suggests that specialist personnel functions appear to detract from both economic and industrial relations performance rather than enhance it.
In the past 20 years, senior executives have become more strategic in their thinking. They have also become more aware that human related considerations can be critically important for their firm’s success. As competition become more global and the base of technological development accelerated more sophisticated frameworks for managing this complexity were developed. His strategic management stressed long-term planning through the examination of a set of environmental, public policy, industry structure and organization factors. The strategic human resource management (SHRM), involved linking of HRM to firm level outcomes with a financial and strategic importance. It evolved in the beginning as an isolated planning function with restricted set of responsibilities, it gradually expanded...To understand SHRM emergence we need to focus upon the historical developments starting from PM, HRM and moving finally towards SHRM.

Methodology of Study

As the nature of the study is descriptive and related to the history of Strategic HRM therefore the data is collected from the secondary data and for these purpose different articles, books related to study. Thorough literature review was done.

Discussion:

Stages In The Development Of Personnel Management:

The origins of personnel management

The roots of personal management are fairly diversed. However certain developments are somewhat international and primarily owe their existence to the process of industrialization. The roots of personnel management can also be traced to the bureaucratization of organizations, the growth of large scale organizations, spreading applications of bureaucracy and rise of specialist sections and departments (accounting, production planning and so forth) all fostered a need of managing personnel

The literature attributes subsequent developments in personnel management to concomitant developments in organization theory, such as scientific management (taylor), scientific administration (fayol), human relations (Elton Mayo), and the revised view of human relations as human resources or as individuals capable and willing to assume responsibility (McGregor). Each school of thought stresses a particular image of man’s nature, a concurrent emphasis in personnel activities and a self image of the roll that personnel management should play in organizations. More recent developments in personnel management (from the mid-1970s onwards) generally demonstrate a more business-led approach to personnel issues.

Early philosophies:

One of the pioneer industrialist was Robert Oven (1771-1858), a Scottish textile manufacturer who in 1813 wrote a book entitled “a new view of society” he built model worker villages by his cotton mills at Scotland. He built decent health and sanitation facilities in his factories and established schools for children and workers. Eventually, he abolished child-labor in his mills. He took genuine interest in the welfare of his people. Andrew Ure (1835) London, praised the factory system over the home production. In the early 1990s, the welfare movement became fairly widespread in American industry. This movement aimed to uplift the physical, hygienic, social and educational condition of working class
people for the own benefit and to make them better employees/ These programs included health facilities, lunch rooms, libraries, schools, insurance and pension programs.

1. Addition to recruitment and record keeping, craft and supervisory training. Welfare officers became staff or labor managers and the latter were increasingly involved in industrial relations, but they operated almost entirely at the tactical level.

2. Personnel management, the mature phase (1960s and 1970s) in which the services provided in the previous phase were extended into organization and management development, systematic training (under the influence of the training boards) and man-power planning. More sophisticated selection, training, salary administration and appraisal (management by objectives) techniques were used. Under the influence of the behavioral Scientists, some businesses went in for organizational development (OD) programs and job enrichment. Industrial relations were a major preoccupation and the period saw formal productivity bargaining come and go. Personnel or industrial relations directors appeared more frequently on boards, although in most cases the extent to which they were really involved in business strategy was limited. The increase in the amount of employment legislation placed greater onus on personnel professionals to become employment law experts. Personnel managers took on a more professional role.

INFLUENCES ON PERSONNEL MANAGEMENT

The main influences on current thinking in personnel come from the following writers and commentators:

• The human relations school represented by academics such as Elton Mayo (1933) who emphasized people’s social needs and believed that productivity was directly related to job satisfaction.

• The behavioral science movement represented by such writers as Maslow (1954), Argyris (1957), Herzberg (1957) and Likert (1961) who underlined the importance of integration and involvement and highlighted the idea that management should accept as a basic value the need to increase the quality of working life as a means of securing improved motivation and better results.

• The excellence school consisting of writers such as pascale and Athos (1981), and Peters and waterman (1982) who produced lists of the attributes which they claimed characterized successful companies. These popular writers have strongly influenced management thinking about the need for strong cultures and commitment.

CRITICISMS ON PM:

There is an evidence of long-standing criticism on the PM. A widespread is that it lacks strategic relevance because it performs a mainly administrative-type role (Drucker, 1968; Watson, 1977; Legge, 1978; Rowland and summers, 1981). It is an uneasy relationship with line managers because HRM is a dimension of all managerial roles. The seeds of its problem are traceable to its origin in the industrial revolution when a combination of factors led to the fundamental and by now, historic division between employers and employed. I.e. trade unions and collectivism versus management and its various control mechanisms. The introduction of the welfare worker into organizations was viewed by many trade unionists as a cynical managerial control tactics (Sheehan, 1976, Watson, 1977,
Another major weakness derived from its failures to develop a sound theoretical base, which is manifested in a tendency to introduce piecemeal prescriptive textbook interventions as a cure of organizational ills. Such prescriptions have been too frequently experienced by management as out of context with the aims of the organizations and therefore irrelevant Legge, (1970).

DEVELOPMENT OF THE HRM CONCEPT__THE US MODELS

HRM first emerged as a clearly defined concept in the mid-1980s when two models were produced by American academics. These were christened by Boxall (1992) as the ‘matching model’ and the ‘Harvard framework’.

The matching model of HRM

One of the first explicit statements of HRM was Beer et al (1984). Their framework is based on the belief that the problems of historical personnel management can only be solved: When general managers develop a viewpoint of how they wish to see employees involved in and developed by the enterprise, and of what HRM policies and practices may achieve those goals. Without either a central philosophy or a strategic vision__which can be provided only by general managers__HRM is likely to remain a set of independent activities, each guided by its own practice tradition.

Walton (1985b), also of Harvard, developed the concept of mutuality:

The new HRM model is composed of policies that promote mutuality__mutual goals, mutual influence, mutual respect, mutual rewards, mutual responsibility. The theory is that policies of mutuality will elicit commitment which in turn will yield both better economic performance and greater human development.

The advantages of the Harvard model, according to Boxall (1992), are that it:

• Incorporates recognition of arrange of stakeholder interests

• Recognizes the importance of ‘trade-offs’, either explicitly or implicitly, between the interests of owners and those of employees as well as between various interest groups

• Widens the context of HRM to include ‘employee influence’, the organization of work and the associated question of supervisory style

UK VERSIONS OF THE HRM MODELS:

A number of British academics have made major contributions to the concept of HRM and their work is summarized below.

David Guest

David Guest (1987, 1989a, 1991) has taken the Harvard model and developed it further by defining four policy goals which he believes can be used as testable propositions:

1. Strategic integration: the ability of the organization to integrate HRM issues into its strategic plans, ensure that the various aspects of HRM cohere and provide for line managers to incorporate an HRM perspective into their decision-making.
2. High commitment: A behavioral commitment to pursue agreed goals and attitudinal commitment reflected in a strong identification with the enterprise.

Guest (1989a) believes that the driving force behind HRM is ‘the pursuit of competitive advantage in the market-place through provision of high-quality goods and services, through competitive pricing linked to high productivity and through the capacity swiftly to innovate and manage change in response to changes in the market-place or to breakthroughs in research and development.’

KAREN LEGGE

Karen Legge (1989) considers that the common themes of typical definitions of HRM are that: Human resource policies should be integrated with strategic business planning and used to reinforce an appropriate (or change an inappropriate) organizational culture, that human resources are valuable and a source of competitive advantage, that they may be tapped most effectively by mutually consistent policies that promote commitment and which, as a consequence, foster a willingness in employees to act flexibly in the interests of the ‘adaptive organization’s’ pursuit of excellence.

Like other writers, Legge (1995) comments on the rhetoric of HRM. She refers to HRM rhetoric as being consistent with the enterprise culture and states that: Without doubt, the language of HRM__ and its close cousin, the language of excellence__ is that of managerial triumphalism. Managers create missions for their organizations; they change their cultures, they act as transformational leaders that gain the commitment of employees to the values of quality, service, customer sovereignty, that is translated into bottom-line success. In the interests of achieving these values, employees must take responsibility; become empowered__ as also are the supreme arbiters, the customers.

CHRIS HENDRY AND ANDREW PETTIGREW

Hendry and Pettigrew (1990) play down the perspective element of the Harvard model and extend the analytical elements. As pointed out by Boxall (1992), such an approach rightly avoids labeling HRM as a single form and advances more slowly by proceeding more analytically. It is argued by Hendry and Pettigrew that better descriptions of structures and strategy-making in complex organizations, and of frameworks for understanding them, are an essential underpinning for HRM’.

Hendry and Pettigrew believe that, as a movement, HRM expresses a mission to achieve a turnaround in industry: HRM was thus in a real sense heavily normative from the outset: it provided a diagnosis and proposed solutions’. They also suggested that: ‘What HRM did at this point was to provide a label to wrap around some of the observable changes, while providing a focus for challenging deficiencies __in attitudes, scope, coherence, and direction __of existing personnel management’.

JOHN PURCELL

John Purcell (1993) thinks that ‘the adoption of HRM is both a product of and a cause of a significant concentration of power in the hands of management’, while the widespread use ‘of the language of HRM, if not its practice, is a combination of its intuitive appeal to managers and, more importantly, a response to the turbulence of product and financial markets’.

He considers that HRM policies and practices, when applied within a firm as a break from the past, are
often associated with words such as commitment, competence, empowerment, flexibility, culture, performance, assessment, reward, teamwork, involvement, cooperation, harmonization, quality and learning. But ‘the danger of descriptions of HRM as modern best-management practice is that they stereotype the past and idealize the future’.

HRM and Personnel management Differences:

The differences between personnel management and HRM can be seen as a matter of emphasis and approach rather than one substance or as Hendry and Pettigrew (1990) put it, HRM can be perceived as a perspective on personnel management and not personnel management itself.

From her literature review, Legge (1989) has identified three features which seem to distinguish HRM and personnel management:

1. Personnel management is an activity aimed at non managers whereas HRM is less clearly focused but is certainly more concerned with managerial staff.

2. HRM is more of an integrated line management activity whereas personnel management seeks to influence line management.

3. HRM emphasizes the importance of senior management being involved in the management culture whereas personnel management has always been rather suspicious of organization development and related unitary, social psychology orientated ideas.

Development of SHRM

In late 1980s, Armstrong, started writing more about the approach of SHRM for the management of people as compared to the traditional methods of industrial relations. SHRM mainly focuses on the long term objectives of the firm. Instead of focusing on internal human resource matters, the objective is on addressing and solving the problems that effect people management in the long run and often globally. Hence the primary goal of strategic human resource is to increase employee productivity by focusing on business obstacles that occur outside of human resources. The primary actions of a strategic human resource manager are to identify key HR areas where strategies can be implemented in the long run to improve the overall employee motivation and productivity.

Strategic human resource management (SHRM) is a strategic approach to manage human resources of an organization. Compared with technical HRM,

The increasing importance of people to organizational success corresponds with the rise of Strategic Human Resource Management (SHRM) as a field of study worldwide. Research on SHRM issues has grown exponentially over the past ten years. Originating as it has, however, across diverse academic disciplines (for example, psychology, sociology, economics) and geographic regions (although primarily Europe and the United States), this literature has been in need of integration and synthesis. Boxall and Purcell’s Strategy and Human Resource Management provides a thorough review of this eclectic literature in a framework that makes it easy for the reader to grasp the field’s evolution and current state of thinking and it considers both U.S. and European perspectives on SHRM, which differ in important ways.
Most researchers in the United States adopt an implicitly managerialist approach, focusing on how HR can benefit shareholders, while researchers in Europe emphasize the importance of balancing the interests of multiple stakeholders such as employees, unions, governments, and society. The European view tends to emphasize the importance of context; the U.S. view, “best practice.” Boxall and Purcell do an outstanding job of accurately representing these different viewpoints, particularly in how they affect research and practice and their presentation is both fair and balanced.

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Wright and Snell (1989) have suggested that in a business, strategic HRM deals with those HR activities used to support the firm’s competitive strategy.

Walker (1992) defined strategic HRM as the means of aligning the management of human resources with the strategic content of the business and Boxall (1991) expressed the view that critical concerns of human resource management are integral to strategic management in any business.

ORIGINS OF THE CONCEPT OF STRATEGIC HRM

The concept of strategic HRM was first formulated by Fombrun et al (1984), who wrote that three core elements are necessary for firms to function effectively.

• Mission and strategy

• Organization culture

• Human resource management

They defined strategy as a process through which the basic mission and objectives of the organization are set, and a process through which the organization uses its resources to achieve its objectives. But their most important conclusion was that “HR systems and organizational structure should be managed in a way which is congruent with organizational strategy.

Strategic Integration and HR Strategies

The whole concept of strategic HRM is predicted on the belief that HR strategies should be integrated with business strategies. Miller (1989) believes that for this state of affairs to exist, it is necessary to ensure that management initiatives in the field of HRM are consistent with those decisions taken in other functional areas of the business and consistent with an analysis of the product-market situation.

Tyson and Witcher (1994) considered that Human Resource strategy can only be studied in the context of corporate and business strategies.

Strategic integration is necessary to provide congruence between business and human resource strategy so that the later supports the accomplishments of the former. The aim is to provide strategic fit
and consistency between the policy goals of HRM and the business.

This point was originally made by Fombrun et al (1984) who stated that “just as firms will be faced with inefficiencies and they try to implement new strategies with outmoded structures, so they will also face problems of implementation when they attempt to effect new strategies with inappropriate HRM systems”

Guest (1989b) has suggested that strategic HRM is largely about integration and he sees this as one of the key policy goals for HRM.

Walker (1992) has pointed out that HR strategies are functional strategies like financial, marketing, production or IT strategies. In many organizations, long-range functional planning is a mandated element of the long-range business planning process.

HRM practically concerned with the functions like recruitment, selection, appraisal, training and rewards (Fombrun, Deramma, 1984) which describes the general functions of HRM. In fact, there is relative isolation among these functions; we can say that HRM has evolved at micro level of the organization.

Recently, the researches and practitioners in all related disciplines have attempted to utilize strategy in the firm, which created strategic development and strategic appraisal (Fombrun, 1984, Galbraith and Nathanson, 1979). All these produce the impact on the HRM which is aligned with the corporate goals and objectives (Legnock and Hall 1988, Wright and Snell 1991). Now, the concept of HRM is considered from a macro-oriented which is more precisely called SHRM (Butler et al, 1991).

Guest (1989) suggested that SHRM is concerned with ensuring that “human resources management is fully integrated into strategic planning; that HRM policies cohere both across policy areas and across hierarchies and that HRM practices are accepted and used by line managers as part of their everyday work”. In other words, SHRM is the macro-organizational approach to viewing the role and function of HRM in the larger organization (Butler et al., 1991). two important dimensions that distinguish it from traditional HRM.

Critics on SHRM

The literature has revealed that there is the lack of consensus with respect to the strategy formulation. Due to changing environment the SHRM finds difficulty in finding the accurate match between the current situation and the environment which complexity in the implementation of the strategy. Another major criticism upon the SHRM is that the strategic decisions are not necessarily based on the output of the rational calculations.

Much of the writing in the field of SHRM has been concerned with either practical advice or presentation of empirical data. Without good theory, the field of SHRM could be characterized as a plethora of statements regarding empirical relationships and/or prescriptions for practice that fail to explain why these relationships exist or should exist. If, in fact, the criticism that the field of SHRM lacks a strong theoretical foundation is true, then this could undermine the ability of both practitioners and researchers to fully use human resources in support of firm strategy.

Results and Conclusion
The above mentioned emergence of SHRM clearly shows that there is a transition from PM and HRM. The history shows that the utilization of human resource was present in different times and playing very important role. The HR concept is actually redesigned according to the strategic needs of the environment which becomes the SHRM.

The fundamental concept of strategic HRM is based on the assumption that human resource strategy can contribute to the business strategy but is also justified by it. The validity of this concept depends on the extent to which it is believed that people create added value and should therefore be treated as a strategic resource. Strategic HRM is only real when it is translated into specific personnel strategies which are then implemented.

SHRM requires a shift towards a more macro-perspective in which it is applied broader level of the organization. In fact, there is a need of commitment of the high quality of HR within the organization which will bring more productivity in the organization. Similarly a strong leadership is required to exploit the human and non-human resources.

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